

MASBO TRAINING

Summer Conference 2013

Working retirees

REMINDER: Effective with the employer's July 2013 report to TRS, employers must remit to TRS 9.85% of the total earned compensation paid to each retired TRS member who returns to employment. This is an employer contribution, and should not be deducted from the working retiree's wages.

This requirement was passed in the 2009 legislative session to take effect July 1, 2013. For more information you may refer to 19-20-605 (4), MCA.

Supplemental employer contributions

In addition to the current rate, 7.47%, employers will also pay an additional 1% supplemental contribution beginning on July 1, 2013 for a total employer rate of 8.47%.

Supplemental Employee Contributions

Effective with your July 2013 report to TRS, the employee contribution rate will also increase 1.0%, from 7.15% to 8.15%.

Retirement fund reserves

On October 1, 2013 each school district with retirement fund operating reserves as provided in 20-9-501, MCA, greater than 20% must transfer to TRS the greater of:

- ☐ the amount earmarked as an operating reserve on the adopted retirement fund budget for fiscal year 2013 minus 20% of the adopted retirement fund budget for fiscal year 2013; or
- ☐ the retirement fund balance for fiscal year 2013 minus the allowable retirement fund operating reserve for fiscal year 2014.

Break in service - Effective January 1, 2014

Effective with terminations and retirements on or after January 1, 2014, a retired member may not be employed in a position reportable to TRS until the member has had a break in service of 150 calendar days commencing on the first day following the termination date.

The only exception: a retired member may be employed as a substitute classroom teacher for no more than 45 days during the 150 day break in service period.

Reporting Requirements for Employers and Working Retirees

Both the employer and the retired member must provide written notice to TRS of the postretirement employment within 30 days of signing a contract, or, if no written contract is entered into, within 30 days of the first day on which postretirement services are provided. Both the working retiree and employer(s) must complete the Retired Member's and Employer's Notice of Post-Retirement Employment Form 146. Together with all related contracts, job descriptions, and other specified documentation, Form 146 must be submitted to TRS within 30 days of employing a TRS retiree. This required notice must be completed annually or at any time a contract (letter of agreement, etc.) is executed or modified. In addition to the submission of Form 146, the employer is required to report the hours worked by and compensation paid to the working retiree on the employer's monthly wage and contribution report to TRS.

Contact TRS

We realize that you may have questions regarding these upcoming changes. Please feel free to contact us at (406) 444-3134.

MEMBERSHIP

TRS membership applies to all persons in a teaching or educational services capacity position for at least 210 hours during the fiscal year of any public school, state agency, community college, or special education cooperative in the State of Montana.

Positions covered under the TRS include:

- ☐ Teachers
- ☐ Teacher's Aide/Paraprofessional
- ☐ Substitute Teachers
- ☐ Librarians
- ☐ Drivers Ed Instructors
- ☐ PE Instructors
- ☐ Speech Therapists
- ☐ School Psychologists
- ☐ School Nurses
- ☐ Guidance Counselors
- ☐ Principals
- ☐ Superintendents
- ☐ Dean of Students
- ☐ Study Hall Monitors
- ☐ Coaches

Typical duties not reportable to TRS:

- ☐ Bus driving
- ☐ Custodian
- ☐ Ticket taking
- ☐ Hall monitoring
- ☐ Playground aide
- ☐ Cafeteria services or any
- ☐ Non-instructional information technology position

FULL-TIME EMPLOYEE

An individual employed at least 180 days in a fiscal year, at least 140 hours a month during 9 months in a fiscal year, or 'full-time' under an alternative school calendar adopted by a school board that is less than 180 days but meets minimum accreditation requirements of 1,080 hours. The TRS will award a maximum of one year of creditable service for each fiscal year.

PART-TIME EMPLOYEE

An individual employed on a 'part-time' basis in an educational service capacity for more than 210 hours during a fiscal year is required to be a member of the TRS beginning on the first day of employment.

SUBSTITUTE TEACHER, 'PART-TIME' PARAPROFESSIONAL or TEACHER'S AIDE

A substitute teacher, 'part-time' paraprofessional, or a 'part-time' teacher's aide must make a written election to be a member of the TRS on their first day of employment. The employer must retain the election form. However, once a substitute teacher, 'part-time' paraprofessional, or 'part-time' teacher's aide elects to become a member, they must continue to be a member each successive fiscal year while employed as a substitute teacher, 'part-time' paraprofessional, or 'part-time' teacher's aide.

A 'part-time' teacher's aide is defined as an individual who works less than seven hours per day assisting a certified teacher in the classroom. If a substitute teacher, 'part-time' paraprofessional, or 'part-time' teacher's aide does not elect to be a member of the TRS on their first day, it is mandatory they become a member after completing 30 days or 210 hours of employment in any fiscal year. They will then be required to continue to be a member in each successive fiscal year while in a capacity eligible for TRS membership.

A substitute teacher, 'part-time' paraprofessional, or 'part-time' teacher's aide who did not elect membership and subsequently becomes a member may purchase creditable service for the first 30 days or 210 hours of substitute teaching, 'part-time' paraprofessional, or 'part-time' teacher's aide service. To qualify this service, the member must contribute an amount equal to the combined employee-employer contribution rates that would have been made if they had elected membership on the first day of employment. In addition, interest will be charged at the actuarially assumed rate.

ORP Member – A university system employee participating in their TIAA_CREF retirement plan. The employee cannot be an active member in both systems.

WORKING RETIREE – A TRS retiree working in a TRS eligible position.

REPORTABLE EARNED COMPENSATION

For an active TRS member earned compensation means remuneration, exclusive of maintenance, allowance, and expenses paid for services by a member out of funds controlled by an employer before any pre-tax deductions allowed under the IRC are deducted from the member's compensation. Elective deferrals made under a bona fide cafeteria plan under IRC section 125 are considered earned compensation but only to the extent that the amounts would be includible in gross income under IRC section 125(a).

Earned compensation does **not** include:

- (1) Direct employer premium payments on behalf of members for health or dependent care expense accounts or any employer contribution for health, medical, pharmaceutical, disability, life, vision, dental, or any other insurance;
- (2) Any employer payment or reimbursement for professional membership dues, maintenance, housing, day care, automobile, travel, lodging, entertaining expenses, or any similar payment for any form of maintenance, allowance, or expenses;
- (3) The imputed value of health, life, or disability insurance;
- (4) Any non-cash benefit provided by an employer to or on behalf of an employee; and,
- (5) Ticket-taking, bus driving, playground aid, swimming monitor, working concessions, etc.

If the amounts identified in 1 through 3 have been converted by an employer to earned compensation for all members and have been continuously reported as earned compensation, in a like amount, for at least the 5 fiscal years preceding the member's retirement, the amounts may be included.

To report fringe benefits converted to earned compensation, please complete TRS Form 138 'Reportable Compensation', and return it to the TRS office.

This form can be found on the TRS website under the 'Employers' tab - 'Employer Forms'.

Earned compensation does not include:

- 1) Lump sum or monthly payments in respect to or in lieu of unused accumulated sick or annual leave, excess leave balance payments
- 2) Early retirement incentive severance payment contingent upon the employee terminating employment
- 3) Incentives or bonuses paid to a member that are not part of a series of annual payments as per 2.44.530, ARM.